

**NSC BRIEFING**

**4 December 1957**

**EGYPT**

- I. Egypt's Minister of Industry (Sidki) met on 4 December with Soviet Ambassador to prepare details of talks to be held in Moscow as follow-up on the \$178 million Soviet-Egyptian economic agreement.
  - A. Under the agreement, which is not a grant, the Soviet credits--to be used by Egypt to obtain capital goods from the Bloc--are to be repaid, possibly from current production, over a 12 year period at 2½% interest.
  - B. Cairo has announced that it intends to propose to the Soviets 54 projects totalling \$164 million.
    1. The portion of the cost of these projects to be paid for by Egypt--in Egyptian currency--amounts to \$123 million. Egypt's Finance Minister is reportedly worried as to where the money will come from, especially if, as some Egyptians are urging, the 5-year plan (1958-62) is compressed to 3 years.
- II. Soviet economic credits cover only about 40% of what Egypt needs in foreign exchange for its 5-year plan. This may explain the Nasir regime's repeated assertions that the door is still very much open to US aid.
- III. Nature of possible third Soviet-Egyptian military aid agreement is not yet known.

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- A. Reports indicate that Egypt will get more jets and possibly naval equipment.
  - B. We also have report that Soviets attempted to press Defense Minister Amir into accepting Soviet aid in reorganizing Egyptian army, but Amir angrily refused.
- IV. Thus, it appears that Egypt is not prepared to go all the way with the Soviets. In this connection, King Saud told Ambassador Wadsworth that the US should go ahead and try to improve relations with Egypt. "But," said Saud, "you must be cautious" and "have good proof" that Nasir really understands the Communist threat to the area before proceeding too far. Saud also stated that he believes it is not possible "to change the policy and heart of Nasir." And that even if Nasir wished to better relations with the US, Nasir himself would not change.

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